

**TROPICANA CASINO AND RESORT
QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2006**

**SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

TROPICANA CASINO AND RESORT BALANCE SHEETS

AS OF MARCH 31, 2006 AND 2005

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$41,014	\$25,318
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2006, \$16,399; 2005, \$16,408).....	6	21,048	20,024
4	Inventories		5,683	4,413
5	Other Current Assets.....		10,463	9,351
6	Total Current Assets.....		78,208	59,106
7	Investments, Advances, and Receivables.....	4,5	25,931	25,015
8	Property and Equipment - Gross.....	2	1,120,209	1,092,107
9	Less: Accumulated Depreciation and Amortization.....	2	(321,694)	(286,325)
10	Property and Equipment - Net.....	2	798,515	805,782
11	Other Assets.....		64,536	68,124
12	Total Assets.....		\$967,190	\$958,027
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$18,396	\$26,725
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....	3	38	15
17	Income Taxes Payable and Accrued.....		0	0
18	Other Accrued Expenses.....		26,836	27,497
19	Other Current Liabilities.....		7,191	6,217
20	Total Current Liabilities.....		52,461	60,454
	Long-Term Debt:			
21	Due to Affiliates.....	3,5	292,000	447,000
22	External.....	3	294	10
23	Deferred Credits		0	0
24	Other Liabilities.....	5	358,850	359,730
25	Commitments and Contingencies.....	4	0	0
26	Total Liabilities.....		703,605	867,194
27	Stockholders', Partners', or Proprietor's Equity.....		263,585	90,833
28	Total Liabilities and Equity.....		\$967,190	\$958,027

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TROPICANA CASINO AND RESORT

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	Revenue:			
1	Casino.....		\$107,381	\$97,314
2	Rooms.....		16,502	12,991
3	Food and Beverage.....		14,489	13,597
4	Other.....		4,829	5,144
5	Total Revenue.....		143,201	129,046
6	Less: Promotional Allowances.....		28,463	22,718
7	Net Revenue.....		114,738	106,328
	Costs and Expenses:			
8	Cost of Goods and Services.....	5	68,673	67,229
9	Selling, General, and Administrative.....	5	17,225	19,652
10	Provision for Doubtful Accounts.....		447	345
11	Total Costs and Expenses.....		86,345	87,226
12	Gross Operating Profit.....		28,393	19,102
13	Depreciation and Amortization.....		12,769	10,344
	Charges from Affiliates Other than Interest:			
14	Management Fees.....	5	9,500	9,900
15	Other.....		0	0
16	Income (Loss) from Operations.....		6,124	(1,142)
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	3	(8,760)	(13,410)
18	Interest Expense - External.....	3	(6)	(3)
19	CRDA Related Income (Expense) - Net.....	4	(469)	(276)
20	Nonoperating Income (Expense) - Net.....	6,7	4,791	134
21	Total Other Income (Expenses).....		(4,444)	(13,555)
22	Income (Loss) Before Taxes and Extraordinary Items.....		1,680	(14,697)
23	Provision (Credit) for Income Taxes.....		(1,017)	11,293
24	Income (Loss) Before Extraordinary Items.....		2,697	(25,990)
	Extraordinary Items (Net of Income Taxes -			
25	2006, \$0; 2005, \$0).....		0	0
26	Net Income (Loss).....		\$2,697	(\$25,990)

The accompanying notes are an integral part of the financial statements.
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TROPICANA CASINO AND RESORT

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005 AND THE THREE MONTHS ENDED MARCH 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
			Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2004.....		100	\$1	0	\$0	\$127,071		(\$10,249)	\$116,823
2	Net Income (Loss) - 2005.....								(11,238)	(11,238)
3	Contribution to Paid-in-Capital.....						155,000			155,000
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6	Tax Benefit-Stock Option Exer.						176			176
7										0
8										0
9										0
10	Balance, December 31, 2005.....		100	1	0	0	282,247	0	(21,487)	260,761
11	Net Income (Loss) - 2006.....								2,697	2,697
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15	Tax Benefit-Stock Option Exer.						12			12
16	Stock Options Compensation Exp						115			115
17										0
18										0
19	Balance, March 31, 2006		100	\$1	0	\$0	\$282,374	\$0	(\$18,790)	\$263,585

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TROPICANA CASINO AND RESORT

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		(\$2,227)	\$36,252
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments		0	0
3	Proceeds from the Sale of Short-Term Investments		0	0
4	Cash Outflows for Property and Equipment.....		(8,507)	(32,896)
5	Proceeds from Disposition of Property and Equipment.....		4	21
6	CRDA Obligations		(1,357)	(1,907)
7	Other Investments, Loans and Advances made.....		0	0
8	Proceeds from Other Investments, Loans, and Advances		425	258
9	Cash Outflows to Acquire Business Entities.....		0	0
10			0	0
11			0	0
12	Net Cash Provided (Used) By Investing Activities.....		(9,435)	(34,524)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		0	0
14	Payments to Settle Short-Term Debt.....		0	0
15	Proceeds from Long-Term Debt		0	0
16	Costs of Issuing Debt.....		0	0
17	Payments to Settle Long-Term Debt.....		(18)	(32)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....		0	0
20	Payments of Dividends or Capital Withdrawals.....		0	0
21			0	0
22			0	0
23	Net Cash Provided (Used) By Financing Activities.....		(18)	(32)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(11,680)	1,696
25	Cash and Cash Equivalents at Beginning of Period.....		52,694	23,622
26	Cash and Cash Equivalents at End of Period.....		\$41,014	\$25,318
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		(\$8,766)	(\$13,414)
28	Income Taxes.....		\$0	\$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TROPICANA CASINO AND RESORT

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	2005 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$2,697	(\$25,990)
30	Depreciation and Amortization of Property and Equipment.....		12,769	10,344
31	Amortization of Other Assets.....		0	0
32	Amortization of Debt Discount or Premium.....		(31)	0
33	Deferred Income Taxes - Current		0	(2,826)
34	Deferred Income Taxes - Noncurrent		1,556	(3,452)
35	(Gain) Loss on Disposition of Property and Equipment.....		(1)	243
36	(Gain) Loss on CRDA-Related Obligations.....		461	251
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		3,132	(1,938)
39	(Increase) Decrease in Inventories		(886)	11
40	(Increase) Decrease in Other Current Assets.....		614	5,933
41	(Increase) Decrease in Other Assets.....		1,588	(3,472)
42	Increase (Decrease) in Accounts Payable.....		(8,267)	3,008
43	Increase (Decrease) in Other Current Liabilities		2,683	(996)
44	Increase (Decrease) in Other Liabilities		(18,657)	55,136
45	Stock Options Compensation Expense		115	0
46			0	0
47	Net Cash Provided (Used) By Operating Activities.....		(\$2,227)	\$36,252

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$8,507)	(\$32,896)
49	Less: Capital Lease Obligations Incurred.....		0	0
50	Cash Outflows for Property and Equipment.....		(\$8,507)	(\$32,896)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....		\$0	\$0
52	Goodwill Acquired.....		0	0
53	Other Assets Acquired - net		0	0
54	Long-Term Debt Assumed.....		0	0
55	Issuance of Stock or Capital Invested.....		0	0
56	Cash Outflows to Acquire Business Entities.....		\$0	\$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions.....		\$0	\$0
58	Less: Issuances to Settle Long-Term Debt.....		0	0
59	Consideration in Acquisition of Business Entities.....		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$0	\$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TROPICANA CASINO AND RESORT SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED MARCH 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	86,006	\$8,390	0	\$0
2	Food	636,918	6,242	114,256	1,120
3	Beverage	2,480,880	2,943	0	0
4	Travel	0	0	2,746	961
5	Bus Program Cash	131,739	2,002	0	0
6	Other Cash Complimentaries	361,864	8,111	0	0
7	Entertainment	94,200	188	1,910	38
8	Retail & Non-Cash Gifts	0	0	135,974	1,283
9	Parking	0	0	47,415	142
10	Other	265,560	587	28,374	223
11	Total	4,057,167	\$28,463	330,675	\$3,767

FOR THE THREE MONTHS ENDED _____, 20__

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms				
2	Food				
3	Beverage				
4	Travel				
5	Bus Program Cash				
6	Other Cash Complimentaries				
7	Entertainment				
8	Retail & Non-Cash Gifts				
9	Parking				
10	Other				
11	Total	0	\$0	0	\$0

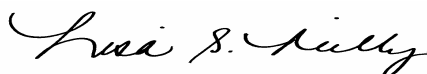
TROPICANA CASINO AND RESORT STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 31, 2006

1. I have examined this Quarterly Report
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

5/15/2006

Date



Lisa S. Reilly

Assistant Vice President, Finance
Title

005939-11

License Number

On Behalf of:

TROPICANA CASINO AND RESORT
Casino Licensee

ADAMAR OF NEW JERSEY, INC.
DBA TROPICANA CASINO AND RESORT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005

NOTE 1. DISCLOSURES NOT PRESENTED AND RECENT ACCOUNTING PRONOUNCEMENTS

Certain footnotes have not been presented in these Notes to Consolidated Financial Statements. These footnotes would be a duplicate of items contained in the Casino Control Commission Annual Report for the year ended December 31, 2005.

The specific footnotes not presented are the Summary of Significant Accounting Policies and Lease Obligations. The footnotes contained in the December 31, 2005 Annual Report should be read in conjunction with these financial statements.

NOTE 2. PROPERTY AND EQUIPMENT

At March 31, 2006 and 2005, the components of Property and Equipment consisted of:

	<u>2006</u>	<u>2005</u>
Land and land improvements	\$ 49,974,000	\$ 49,974,000
Building and improvements	884,335,000	872,941,000
Furniture, fixtures and equipment	171,269,000	161,440,000
Leased personal property	1,366,000	2,111,000
Construction in progress	<u>13,265,000</u>	<u>5,641,000</u>
Total property and equipment-gross	1,120,209,000	1,092,107,000
Less: accumulated depreciation and amortization	<u>(321,694,000)</u>	<u>(286,325,000)</u>
Total property and equipment	<u>\$ 798,515,000</u>	<u>\$ 805,782,000</u>

NOTE 3. LONG-TERM DEBT

At March 31, 2006 and 2005, Long-Term Debt consisted of:

	<u>2006</u>	<u>2005</u>
Notes Payable - Aztar Corporation; 12.0% due 2014	<u>\$ 292,000,000</u>	<u>\$ 447,000,000</u>
Long-term debt due to affiliates	292,000,000	447,000,000
Contract payable; 7.2%; matures 2014	322,000	0
Obligations under capital leases	<u>10,000</u>	<u>25,000</u>
Total affiliates and Other	292,332,000	447,025,000
Less: current portion	<u>(38,000)</u>	<u>(15,000)</u>
Total long-term debt	<u>\$ 292,294,000</u>	<u>\$ 447,010,000</u>

NOTE 4. COMMITMENTS AND CONTINGENCIES

Licensing

On November 26, 1982, the Company was granted a plenary gaming license by the New Jersey Casino Control Commission, referred to as the "CCC". The license is renewable every four years. In November 2003, the license was renewed for a period of four years, effective through November 30, 2007.

The Company is a party to various claims, legal actions and complaints arising in the ordinary course of business or asserted by way of defense or counter-claim in actions filed by the Company. Management believes that its defenses are substantial in each of these matters, and the Company's legal posture can be successfully defended or satisfactorily settled without material adverse effect on its consolidated financial position, results of operations or cash flows.

The CCC imposes an annual tax of eight percent on gross casino revenue. Pursuant to legislation adopted in 1984, casino licensees are required to invest an additional one and one-quarter percent of gross casino revenue for the purchase of bonds to be issued by the CRDA or make other approved investments equal to that amount; in the event the investment requirement is not met, the casino licensee is subject to a tax of two and one-half percent on gross casino revenue. As mandated by the legislation, the interest rate of the CRDA bonds purchased by the licensee will be two-thirds of the average market rate for bonds available for purchase and published by a national bond index at the time of the CRDA bond issuance. The Company's reinvestment obligation for 2006 and 2005, respectively, was \$1,357,000 and \$1,230,000 for the purchase of CRDA bonds. In 2006 and 2005, the Company recorded a loss provision of \$461,000 and \$251,000 respectively. The loss provision is to recognize the effect of the below market interest rate using the interest rate in effect at March 31, 2006.

NOTE 5. RELATED PARTIES

Transactions with affiliates consist of expenditures by affiliates on the Company's behalf including purchases of assets, facility rental, and administrative expenses or cash advances to affiliates or other receivables from affiliates. The Company has many significant transactions with Aztar. Since payment is not required to be made currently, the net of these transactions is classified as long-term.

Aztar performs various corporate services for the Company. For the period ended March 31, 2006 and 2005, Aztar charged the Company a management fee of \$9,500,000 and \$9,900,000, respectively.

Due to affiliates is reflected in Other Liabilities. The identity of the affiliate and corresponding balances at March 31, 2006 and 2005 are:

	<u>2006</u>	<u>2005</u>
Due to Aztar Corporation	\$350,598,000	\$354,445,000
Due to Ramada New Jersey, Inc.	444,000	369,000
Due to Adamar Garage Corporation	7,231,000	2,531,000
Due to Atlantic Deauville, Inc.	410,000	340,000
Due to Tropicana West	<u>167,000</u>	<u>81,000</u>
	<u>\$358,850,000</u>	<u>\$357,766,000</u>

Notes payable to related parties are included in Long-term debt to affiliates (See Note 3). The identity of the affiliate and corresponding balances at March 31, 2006 and 2005 are:

<u>PAYEE</u>	<u>2006</u>	<u>2005</u>
Aztar Corporation	\$ 292,000,000	\$ 447,000,000

For the three months ended March 31, 2006 and 2005 the Company incurred charges from affiliates which are indicated in the accompanying Statements of Income as Cost of Goods and Services and Selling, General, and Administrative. The nature of the charges and dollar amounts are as follows:

	<u>2006</u>	<u>2005</u>
<u>COST OF GOODS AND SERVICES</u>		
Property insurance	<u>\$ 872,000</u>	<u>\$ 738,000</u>
	<u>\$ 872,000</u>	<u>\$ 738,000</u>
<u>SELLING, GENERAL AND ADMINISTRATIVE</u>		
Insurance	132,000	135,000
Executive deferred compensation plan	4,000	4,000
Professional services	<u>22,000</u>	<u>4,000</u>
	<u>158,000</u>	<u>143,000</u>
Total	<u>\$ 1,030,000</u>	<u>\$ 881,000</u>

NOTE 6: ACCOUNTING FOR THE IMPACT OF THE OCTOBER 30, 2003 CONSTRUCTION ACCIDENT

An accident occurred on the site of the construction of the expansion on October 30, 2003. The accident resulted in loss of life and serious injuries, as well as extensive damage to the facilities under construction.

Construction on the expansion project was substantially completed by December 31, 2004. The expansion includes 502 additional hotel rooms, 20,000 square feet of meeting space, 2,400 parking spaces, and "The Quarter at Tropicana," a 200,000-square-foot dining, entertainment and retail center.

The Company incurred \$1,644,000 and \$409,000 of construction accident related costs and expenses that may not be reimbursed by insurance during the first quarters ended 2006 and 2005, respectively. These costs and expenses primarily consist of professional fees incurred as a result of the accident.

During the first quarters ended 2006 and 2005, the Company recorded \$4,789,000 and \$225,000, respectively, of insurance recoveries due to the delay of the opening of the expansion, which represent a portion of the anticipated profit that the Company would have recognized had the expansion opened as originally projected as well as some reimbursement for costs incurred as a result of the delay. These insurance recoveries were classified as a component of Non-operating Income(Expense) in the Statements of Income. Insurance claims for business interruption that occurred from the date of the accident through

December 31, 2005 have been filed with the Company's insurers in the amount of approximately \$52,100,000, of which \$3,500,000 has been received by the Company. In addition, the Company has filed insurance claims for lost profits and additional costs as a result of the delay in the opening of the expansion. The total of these claims is approximately \$70,100,000, of which approximately \$14,700,000 has been received by the Company.

Profit recovery from insurance is recorded when the amount of recovery, which may be different than the amount claimed, is agreed to by the insurers. The Company has also filed insurance claims of approximately \$9,000,000 for other costs it has incurred that are related to the construction accident, of which \$1,500,000 has been received by the Company. These other costs are primarily supplemental marketing costs and approximately \$1,600,000 was included in the Balance Sheet as a component of Receivables and Patron's Checks at March 31, 2006.

In order to ensure that the construction proceed expeditiously and in order to settle certain disputes, the Company and the general contractor entered into a settlement agreement on October 6, 2004 that delineates how the Company and its contractor will share the cost of and the insurance proceeds received for the dismantlement, debris removal and rebuild. During the first quarters ended 2006 and 2005, the Company recorded \$2,640,000 and \$1,573,000, respectively, of insurance recoveries associated with the rebuild, net of direct costs to obtain the recoveries. These amounts were classified as a component of Non-operating Income(Expense) in the Statements of Income. In addition, at March 31, 2006, the Company's share of claims outstanding for dismantlement, debris removal and rebuild was approximately \$31,000,000.

NOTE 7. NON-OPERATING INCOME/EXPENSE

For the period ending March 31, 2006 and 2005, Non-operating Income/(Expense) consisted of the following:

	<u>2006</u>	<u>2005</u>
Interest income	\$ 330,000	\$ 200,000
Gain/(Loss)on dispositions	1,000	(243,000)
Construction accident	5,785,000	1,389,000
Stock option compensation expense	(115,000)	0
Affiliate rent expense	<u>(1,210,000)</u>	<u>(1,212,000)</u>
Total	<u>\$ 4,791,000</u>	<u>\$ 134,000</u>